BOE routinely conducts inspections of all businesses selling cigarettes and/or tobacco products.



- Inspections are unscheduled but are conducted during normal business hours.
- Inspections are conducted by the Investigations Division staff of the BOE.



Inspectors will:

- Identify themselves, show their BOE identification, and give their business card.
- Explain why they are there and what they will be inspecting.
- Ask the person behind the counter for identification and their relation to the business (i.e., owner, relative, employee, etc.).

Inspectors will also:

- Ask where cigarette and tobacco products are stored and request permission to inspect these areas.
- Request access to any secured cigarette/tobacco storage areas.
- Check to see that the cigarette/tobacco retailer's license (LRQ) and seller's permit are posted.
- Verify that registration information for the business is accurate.



- Verify the STAKE Act sign is posted. If not visible, they will provide a sign.
- Check to see that single sticks of cigarettes are not being sold.
- Check that all cigarette packs are stamped and scan the stamps to verify that the tax stamps are valid.



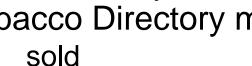




Verify all cigarettes are on the California Tobacco Directory. Note: as of 9/22/09 flavored cigarettes are banned from sale in the U.S. and are subject to seizure.

California Tobacco **Directory**

Only cigarette brands and rollyour-own tobacco products listed in the Attorney General's California Tobacco Directory may be:



- offered for sale, or
- possessed for sale in California



For the current list of tobacco product manufacturers and brand families that are certified as being in compliance with California law, go to the Attorney General's website at:

http://ag.ca.gov/tobacco/directory.htm

We will also:

Verify that all cigarettes comply with AB 178 – the California Cigarette Fire Safety and Firefighter Protection Act.



As of January 1, 2007, only cigarettes certified by the manufacturer and approved by the Office of the State Fire Marshall as self-extinguishing may be sold in California.



You can also expect us to:

- Ask for the last 12 months of purchase invoices for cigarette and tobacco products.
- Verify that excise tax is paid on all tobacco products.

Note: All tobacco products are considered untaxed unless proof of excise taxes paid is provided.

The inspectors will also:

Reconcile your purchase invoices with the cigarette and tobacco inventory on hand.



 Verify invoices are valid and are from a licensed distributor/wholesaler.

Note: You can determine if a distributor's or wholesaler's license is valid on the BOE's website at:

www.boe.ca.gov

Invoices

A valid cigarette or tobacco product purchase invoice must be legible and contain:

- The name, address, telephone number, and license number of the wholesaler/distributor from whom the cigarettes and/or tobacco products were purchased.
- Retailer's name, address, and license number.
- The amount of CA excise taxes paid.
- An itemized list of products purchased.
- Date of purchase.

Sample of a Valid Purchase Invoice

MELISSA'S WHOLESALE

123 Wholesale Avenue Anytown, CA 95000 (222) 555-1234 LD Q ET 90-000000

Invoice

Number 1066

Date: June 1, 2008

Bill To:

Joanna Shopkeeper Linda's Smoke Shop 456 Smokey Drive Anycity, CA 96000 LR Q ET 91-999999 Ship To:

Joanna Shopkeeper Linda's Smoke Shop 456 Smokey Drive Anycity, CA 96000 LR Q ET 91-999999

Description	Quantity	Price Each	Amount
COPENHAGEN	81.00	41.99	3,401.19
COPENHAGEN LONGCUT	63.00	20.99	1,322.37
COPENHAGEN POUCH	10.00	20.99	209.90
SKOAL STRAIGHT	9.00	41.99	377.91
SKOAL WINTERGREEN	9.00	41.99	377.91
SKOAL MINT	9.00	41.99	377.91
SKOAL FINECUT	9.00	41.99	377.91
	Subtotoal Excise Tax		6,445.10
			2,908.68
		TOTAL	\$ 9,353.78

0 – 30 days 31 – 60 days 61 – 90 days > 90 days Total \$9,353.78

Invalid Invoice

Reasons this invoice is not valid:

- Missing distributor or wholesaler information from whom the cigarettes and/or tobacco products were purchased.
- Missing the retailer's address and license number.
- The amount of excise tax paid is not listed on the invoice.

